



U.S. Small Business Administration Response to Gulf Coast Hurricanes

In Focus:

The SBA is fully committed to and focused on the long term recovery of those impacted by the unprecedented disaster caused by hurricanes Katrina and Rita.

- ✓ The SBA is focused on long term recovery efforts for individuals and businesses affected by the Gulf Coast hurricanes by issuing low interest loans.
- ✓ FEMA provides financial assistance in the form of grants, SBA provides long-term, low-interest financing for medium-to long-term rebuilding and recovery needs.

To further SBA's commitment, the agency has taken the initiative to work with other Federal Government agencies to reduce red tape for small businesses:

- ✓ Initiative: The SBA has teamed up with FEMA to award hurricane Katrina Recovery contracts to small and minority owned businesses.
- ✓ 15 8(a) contracts of up to \$100 million each will be awarded to small, local and minority-owned businesses for temporary housing contracts for Hurricane Katrina recovery
- ✓ Meanwhile, SBA loan approvals are increasing at a steady rate each day. The SBA is approving nearly \$20 million in loans per day, while maintaining responsibility and accountability to the American taxpayer dollar.
- ✓ Initiative: The Department of Commerce announced the launch of the Hurricane Contracting Information Center (HCIC) that will help U.S. businesses, especially minority, women and small businesses participate in the Gulf Coast rebuilding efforts. The HCIC also includes a call center (1-888-4USADOC or 1-888-487-2362) with representatives from different government agencies onsite to provide information on rebuilding opportunities.
- ✓ Initiative: The SBA has launched the "Give a Lending Hand" initiative, where it is asking for volunteers from the business lending community to help process business disaster loan applications. This will provide faster financial assistance to business owners in the areas affected by Hurricanes Katrina and Rita.
- ✓ The SBA is seeking lenders currently employed in the industry as well as retirees willing to assist with the processing business disaster loans.
- ✓ Meanwhile, SBA loan approvals are increasing at a steady rate each day. The SBA is approving nearly \$20 million in loans per day.
- ✓ Whereas FEMA provides financial assistance in the form of grants, SBA provides long-term, low-interest financing for medium- to long-term rebuilding and recovery needs.
- ✓ The SBA is focused on long term recovery for individuals and businesses affected by the hurricanes with low interest loans, while maintaining responsibility and accountability to the American taxpayer dollar.
- ✓ Initiative: The SBA will help ensure that small businesses get their fair share of contracts associated with the recovery of the Gulf Coast; Gulf Coast Business Matchmaking. This initiative will provide several phases of support, including access to contracting opportunities with federal, state and local government agencies, as well as with major corporations.



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- ✓ Starting on November 1, Gulf Coast Business Matchmaking will be launched in Baton Rouge, first moving on to the New Orleans area and then on Mississippi and Alabama. For more information on SBA's Gulf Coast Business Matchmaking, click here: http://www.sba.gov/gulf/gulfstates_bmm.html

The SBA is committed to assisting victims of the Hurricanes. To further its commitment, the SBA is expediting the normal process of business disaster loans to streamline recovery assistance.

- ✓ **Initiative:** In an effort to provide faster assistance to business owners in the areas affected by Hurricanes Katrina and Rita, the SBA will use an expedited process for disaster loans under \$100,000 for business that can meet specified criteria.
- ✓ While streamlining the application process will enhance the SBA's ability to get money in the hands of disaster survivors more quickly, Administrator Hector V. Barreto continues to urge business owners to submit their applications as soon as possible to get the process underway.
- ✓ For more information on this initiative, click here:
http://www.sba.gov/news/05-61_SBA_Expedites_Processing_of_Business_Disaster_Loans.pdf

SBA has also simplified documentation requirements for Business Disaster Loans.

- ✓ **Initiative:** Responding to the issues faced by business owners who lost important documents in the aftermath of Hurricanes Katrina and Rita, the SBA has relaxed some of its disaster loan filing requirements to expedite the processing of these loans.
- ✓ The SBA will now waive the usual requirement of the submission of tax returns from the last three years. Business owners will also now be able to file a disaster loan application without providing a monthly sales analysis for the last three years.
- ✓ For more information on this initiative go to:
<http://www.sba.gov/news/05-60-SBA-Simplifies-Requirements.pdf>

SBA Urges Hurricane Survivors to be Aware of Fraud Attempts.

- ✓ **Initiative:** The SBA urges those applying for disaster assistance in the aftermath of Hurricanes Katrina and Rita to be on the alert to scam artists posing as federal officials offering help, while trying to take advantage of those facing the daunting challenge of rebuilding their lives.
- ✓ The federal government has set up a "Hurricane Relief Fraud Hotline." Residents and business owners who have knowledge of fraud can call 1-866-720-5721, send a fax to 1-703-604-8567, or email the hot line at katrinafraud@dodig.mil. Those without internet access can write to: Hurricane Relief Hotline, Washington, D.C. 20301-1900.
- ✓ Disaster survivors have reported receiving calls from individuals claiming to represent SBA, asking for upfront payments of as much as \$3,000 to be considered for a disaster loan.
- ✓ Others are also using newspaper ads promoting help with disaster loan applications for "a small processing fee" of up to \$250. In Mississippi, residents and business owners have reported seeing roadside signs advertising help with disaster loan applications for a fee.



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- ✓ The SBA does not charge fees for the processing of disaster loans. Individuals and business owners in the region affected by Hurricanes Katrina and Rita should continue to beware of possible scams and misrepresentations by those claiming to be SBA officials.

The SBA has taken action to help ensure small businesses get a fair share of Hurricane Katrina and Hurricane Rita clean up and reconstruction contracts.

- ✓ Five procurement center representatives (PCRs) have been specifically assigned to work with Federal agencies to find relief and reconstruction contracts and subcontracting opportunities for firms in the Gulf Coast region.
- ✓ All other PCRs across the country have been directed to search for small business contracting opportunities as well.
- ✓ The SBA is coordinating small business contracting efforts with Agencies in various ways including through the Offices of Small Disadvantaged Business Utilization.
- ✓ The SBA extended the geographical boundaries of the Department of the Army, Louisiana Recovery Field Office Corps of Engineers construction requirement for roofing repairs in the State of Louisiana to include 8(a) program participants with a bona fide place of business in contiguous states affected by Hurricanes Katrina and Rita. Three (3) contract awards are anticipated for a combined total of \$150 million.
- ✓ The SBA extended the geographical boundaries for the Department of the Army, New Orleans District Corps of Engineers construction requirement for levee repair in the State of Louisiana to include 8(a) program participants with a bona fide place of business in contiguous states affected by Hurricanes Katrina and Rita. The estimated dollar value is \$10 million.
- ✓ Within its authority, the SBA approved a General Services Administration/Federal Emergency Management Agency request to conduct an "urgent and compelling" sole source 8(a) requirement above the competitive threshold for the purpose of shipping mobile showers and laundry units to the Gulf of Mississippi. The estimated dollar value is \$3.2 million.
- ✓ The SBA delayed the scheduled fee increase in the Surety Bond Guaranty Program for six months from October 1, 2005 to April 3, 2006 to assist small contractors needing bonds to participate in the rebuilding of the Gulf Coast area.

The SBA is responding as urgently as possible and with sympathy to those affected by the hurricanes.

- ✓ SBA loan approvals are increasing at a steady rate each day. The SBA is approving nearly \$20 million in loans per day.
- ✓ Currently, 4,796 loans have been approved for over \$322 million to homeowners, renters and businesses affected by this disaster.
- ✓ The SBA has actually more than doubled in size with more than half of SBA employees dedicated solely to disaster assistance, and will continue to process loans for disaster recovery as quickly as possible.
- ✓ To date, the SBA Office of Disaster Assistance employs nearly 3,700 people, a record, dedicated solely to recovery efforts in the aftermath of the recent hurricanes.
- ✓ This is four times the number of employees that were in this office before Hurricanes struck the Gulf Coast region.
- ✓ For free help with the disaster loan application, visit one of Disaster Recovery Centers or SBA's Business Assistance Centers located in Louisiana, Alabama, Mississippi, Florida and Texas, or the Small Business Development Centers.



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- ✓ Disaster loan applicants may also call SBA's customer service center at 1-800-659-2955 for questions about the loan applications process. Operators are taking calls 6 a.m. to 1 a.m., Eastern Daylight Time, daily. Questions can also be e-mailed to disastercustomerservice@sba.gov.

By the Numbers:

- ✓ As of November 3, 2005, the SBA has approved \$321,861,300 in disaster loans to 4,796 individuals and businesses in the Gulf region.
- ✓ Of those, \$282,793,500 in disaster loans has been approved to 4,203 homeowners and renters in the region.
- ✓ 356 Business Physical Disaster loans have been approved for \$24,446,600. 237 Economic Injury Disaster Loans have been approved for \$14,621,200.
- ✓ Over 3,900 SBA Office of Disaster Assistance (ODA) employees have been hired and are working to advance the relief and recovery effort.

State by State:

- ✓ **Louisiana:** 2,286 disaster loans approved for \$156,733,000. Home Loans: 2,009 approved for \$136,892,600. Business physical disaster loans: 136 for \$10,519,100. Economic Injury Disaster Loans: 141 for \$9,321,300.
- ✓ **Mississippi:** 2,045 disaster loans approved for \$147,193,300. Home Loans: 1,849 approved for \$133,752,500. Business physical disaster loans: 135 for \$9,713,200. Economic Injury Disaster Loans: 61 for \$3,727,600.
- ✓ **Alabama:** 412 disaster loans approved for \$16,531,400. Home Loans: 316 approved for \$11,473,300. Business physical disaster loans: 75 for \$3,852,300. Economic Injury Disaster Loans: 21 for \$1,205,800.

What We Do:

The SBA is the Federal Government's bank for long-term recovery for non-farm, private sector losses not fully compensated by insurance or other sources.

- The SBA offers low-interest, long-term loans to homeowners, renters, businesses of all sizes and private non-profit organizations for their disaster-related losses.
- For home and personal property losses, loans are available to homeowners for uninsured losses up to \$200,000 to repair/replace their primary residence, and up to \$40,000 for personal property losses. Renters are also eligible for personal property loans.
- Business Physical Disaster Loans are available for uninsured losses up to \$1.5 million to repair/replace property to its pre-disaster condition. Loans can be used to repair/replace real estate damage, inventory, and equipment.
- Economic Injury Disaster Loans are limited-purpose working capital loans available to small businesses in a disaster area that sustained economic injury as a direct result of the disaster. Small businesses may borrow up to \$1.5 million to pay ordinary and necessary operating expenses which would have been met had the disaster not occurred.
- The current maximum aggregate loan amounts for any business and its affiliates is \$1.5 million. More information on SBA disaster loan programs can be found at: www.sba.gov/disaster_recov/index.html.



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SBA District and Branch offices are up and running and heavily involved in the disaster response team's work.

- SBA employees from the Mississippi Branch office in Gulfport have temporarily relocated. They are fielding disaster information calls and assisting other disaster agencies.
- The Louisiana district office in New Orleans has been closed since Hurricane Katrina struck. It could be weeks or months before employees of that office are able to return to their building. Sadly, one of our employees is still missing. The majority of the other employees have suffered severe losses to their homes and automobiles. However, most of the employees have temporarily relocated to other SBA district offices, the Louisiana Department of Economic Development and various other sites. Other districts are now handling loan processing for Louisiana.

The SBA has accelerated the Office of Disaster Assistance transformation to better meet the needs of disaster victims, coordinate with our partners, and increase efficiency.

- The SBA's Buffalo Disaster Area Office has become the Customer Service Call Center. Disaster victims nationwide can call 1-800-659-2955 to get information.
- To streamline the application process, disaster loan applications will now be handled in one location -- Fort Worth, TX with back-up processing in Sacramento.
- During the last year the SBA implemented a new computer system that allows for the electronic processing of case files and automated review of business rules, which is expected to significantly improve processing time of small business and home loans.
- The SBA plans to cross-train Customer Service hires for Call Center operations as well as field deployment; they will be placed where needed.
- ODA has 1000 computerized, portable DCMS verification "tablets" to meet the demands of regular and on-going disaster activity, including the immediate response to Hurricanes Katrina and Rita.

The SBA is working with our partners to assist Hurricanes Katrina and Rita recovery and relief efforts.

- The SBA has authorized certain Small Business Development Centers (SBDCs) from outside the disaster area to allow their counselors to aid small businesses in the disaster areas.
- The SBDC in Mississippi has opened an emergency information center on the campus of the University of Mississippi in Oxford. The center has also mobilized five recreational vehicles to serve as mobile offices.
- SCORE has approximately 44 on-line volunteer counselors who have expertise in disaster recovery that are available to advise small businesses.
- The SBA has met with the Red Cross and over 40 trade groups and businesses to share information on Hurricane Katrina relief efforts.
- SBA has identified all SBIC portfolio companies in the states affected by Hurricanes Katrina and Rita and are working with the SBICs to identify the ones that have had disruptions in operations. The SBA will take into consideration any disruptions in operations during its financial oversight evaluations of SBICs.
- SCORE issued a press release entitled "Take Steps Now to Plan for and Recover from a Disaster – in the wake of Katrina." SCORE counselors offer a five-step proactive small business approach to managing the impact from disasters.
- The Atlanta SCORE chapter is helping Gulf Coast entrepreneurs by providing 7-day-a-week business counseling at three major evacuee centers outside Atlanta. Many other chapters, including the Mobile and Baton Rouge SCORE chapters, have increased their services.



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- The SCORE homepage provides several important links for small business owners affected by Hurricane Katrina. These include SBA Disaster Loan Assistance, the Federal Emergency Management Agency Application for Assistance, and Ask SCORE Online Business Advice. For more information, please see www.score.org/.
- Every SCORE Chapter has received print ads that describe how SCORE can help small businesses recover from this disaster.

SBA Is Providing the Public Disaster Relief and Reconstruction Information

- In an effort to provide information regarding the agency's disaster assistance programs, the SBA is conducting wide-ranging press activities including issuing press releases at the national and local levels, disseminating public service announcements (PSAs), making information available through various media channels including the Web, and conducting interviews and fielding press inquiries.
- SBA has produced and made available audio and video PSAs for those impacted by Hurricanes Katrina and Rita. The PSAs are available for listening, viewing and downloading at www.sba.gov/disaster.
- SBA is making available a podcast interview of Herbert Mitchell, director of the Office of Disaster Assistance on the agency's disaster assistance program.
- SBA has also prepared print PSAs that are available for download. These PSAs may be found at www.sba.gov/disasterassistancepsas.html
- SBA has printed 1 million pieces of easy-to-read informational material describing the SBA disaster programs that are being distributed in the affected areas.